

## MEETING NOTES

<b>Meeting Topic and Number:</b>	Leichner Landfill Property Real Estate Planning Workshop
<b>Meeting Date &amp; Time:</b>	April 10, 2014 11 a.m.-2 p.m.
<b>Project #:</b>	9059.07.03
<b>Project Name:</b>	Leichner Campus Master Plan
<b>Meeting Location:</b>	Waste Connections Office 9411 NE 94 <sup>th</sup> Avenue Vancouver, WA
<b>Recorded By:</b>	Katie Stromme
<b>Attendees:</b>	Steve Taylor, MFA Seth Otto, MFA Abe Farkas, ECONorthwest Lorelei Juntunen, ECONorthwest Mike Davis, Clark County Eric Hovee, E.D. Hovee & Co. Todd Shaeffer, Specht Development Monte Haynes, Kidder Mathews Kirk Olsen, Trammell Crow Jo Ellen Jarvis, Jarvis Appraisal Jamie Howsley, Jordan Ramis Eric Fuller, Eric Fuller & Associates Scott Fraser, Kidder Mathews Phillip Hanshew, Colliers Mike Bomar, CREDC
<b>Distribution:</b>	

**1.1 Market Opportunity Analysis (E. Hovee)**—Work to explore potential uses. Give quantitative sense and what fits in terms of site location and configuration. Map shown to illustrate opportunities zeroed in specifically on Leichner area.

- a. **Is the analysis governed by the current use?** Mostly, yes—assumption is that zoning will not change radically
- b. **Retail use**
  - i. Limited; must be small-scale, combined with industrial use
  - ii. Present zoning limits retail to 10% of site; retail centers more on the other side of I-205
- c. **Industrial use**
  - i. Decent absorption
  - ii. Access to I-205 is favorable
  - iii. Potential access to employable blue-collar labor force
  - iv. Economic returns much greater than office space, retail etc.
  - v. Job/wage/tax potential: industrial jobs lower density than office; however, wages could be relatively high
  - vi. Need to address shallow eastern end of property and truck access
- d. **Flex use :**

- i. Data suggest that there is more flex than traditional industrial: indicative of a potential change in the market.
  - ii. Not a tier-A location for flex
- e. **Office use**
  - i. More solid job growth could turn perspective around, but office space is not a major driver
  - ii. could be constructed in conjunction with a distribution setup
  - iii. Fleischer Property: If combined with Leichner site, may create more opportunities for combining retail or office development.
- f. **Residential**
  - i. Single-family residential limited to northern area of property.
  - ii. Housing market is stronger as you go north east of the neighborhood
- g. **Recreation/open space**
  - i. In general, larger area is well-served with parks in perspective of Clark County.
  - ii. Potential for event use/passive recreation (weddings).
  - iii. Field part is more challenging because of the hilly nature of the land (cannot be altered to preserve cap on the landfill).
- h. **Mixed-use**
  - i. Question of whether to go sole industrial use versus mixing the site with industrial/office/retail.

## 1.2 Market Opportunity Analysis Questions/Comments

- a. **Zoning code flexibility**
  - i. Possibly open up the zoning code a bit for a blending of office/industrial/commercial. Southern half of property may have a chance to craft more flexible zoning to let the market dictate potential uses.
  - ii. With political/policy support that might work well for this property. Industrial in the back/middle and flex with shorter buildings up on 94<sup>th</sup>: can support a higher land value than industrial can.
- b. **Creating possibilities for a variety of potential users**
  - i. From the perspective of a developer: buy sites based on possibilities
    - 1. Figure out road/utility plan in order to get the property more shovel-ready and attractive to buyers.
    - 2. Create lots of parcels; lay out something—think of the developer's plans as speculative and give them maximum flexibility
    - 3. Office development in this area is not ideal.
    - 4. Industrial property ideal is 200-feet deep, 20,000 square foot buildings. Speculatively could be placed on the south side of the property.
    - 5. Phasing approach: preserve big user option as long as you can until small user demand is great enough. Lots of 5,000 square-foot deals available.
  - ii. Hillsboro model zoning would be good to look at: multi-story office to distribution. Don't see a lot of big distribution on the Washington side of the river.
    - 1. Big companies want to be next to others in case of a big failure; difficult to justify why choosing a spot (like this) versus something with more neighbors.
    - 2. May be greater likelihood with local/regional companies. Large companies will want a discount to justify a purchase of a property like this.
- c. **Capital demand**
  - i. Developer coming in would be more likely to be on the private side versus public.
  - ii. Private developer using their own bank account, recourse loans, will limit the vision for paying for studies to lay out infrastructure. The county will have to take that on while it hires a broker to look for a manufacturer.
  - iii. Don't build internal circulation roads: draw infrastructure off of them; plan large roads on the periphery to break up the property less.

- 1.3 **County's Obstacles, Resolution, Timing, and Disposition (A. Farkas)**— County's objective: The more money the county spends, the more they want in returns. Return may not be driven on ROI basis but on job number. What are some strategies for developing an effective plan for the county to unload the property given the three-year timeline and current amount of flexibility?

**a. BIGGEST OBSTACLES**

- i. **Land hold**
  - 1. will be painful and hard to get money back out; phasing acquisition would be more helpful
- ii. **Potential site users as "pioneers"**
- iii. **Uncertainty and the process to remove uncertainty for users**
  - 1. To position to sell: remove developers'/users' uncertainty: wetlands, geotech, environmental, prelim site planning, even a DA (development agreement) that gives a broad range of usability/flexibility so that when there is demand there isn't a two-year closing to perform studies
  - 2. Planned action reduces risk of getting hung up in court. The more potential legal barriers can be moved the more a potential user will be willing to take a risk.
  - 3. NFA on any fatal flaw; pull in the Fleischer property and remove the fatal flaw.
- iv. **Consent decree on the landfill**
- v. **Waste Connections truck traffic**
- vi. **Extended timeline**
  - 1. Time kills all deals: if the county gets tied up the deal will die and you will lose user interest.
  - 2. 90-180 day execution will be ideal
- vii. **Excess of environmental information**
  - 1. Could scare off users
  - 2. If you can distill environmental stuff down to one letter that is better than having *all* available information. Be able to give a basic overview clearly
- viii. **Topography**
  - 1. Issue with Fleisher property: a big user would be unlikely to combine sites.
- ix. **Residential neighborhood**
  - 1. What will neighbors say about industrial use?
  - 2. Think about adding trees to the edges of the property; buffer now to the residential neighbors who might not look favorably on a large plant/factory coming in
- x. **Job creation requirements**
  - 1. Strict requirements may scare off many potential users

**b. STEPS TO RESOLVE BARRIERS**

- i. **Planning a street system**
  - 1. Example: Port of Ridgefield 75 acres: SW WA Peace Health Center—looked at sensitive land issues, archaeological stuff, and did preliminary engineering on street improvements.
  - 2. Putting a road in now could save construction time but could also deter users who don't want the site subdivided.
  - 3. Have the road planned/engineered but also scatter plat lines for smaller users.
  - 4. Standard commercial access road is what's being discussed by the county and then letting the developer put in a private road
  - 5. Private road: shared maintenance agreements, shared access agreements: could get money back from other owners selling
  - 6. Would need to look a lot like a public road (sidewalks, lighting)—wide enough for trucks

7. Don't put the road in before finding a user. Multiple master plans outlining different road options/parcel size. Already restricted on where a road can start: needs to line up with 88<sup>th</sup> and 99<sup>th</sup> in a perfect world the road would be engineered and have permits in place with possibility to extend permits. That would allow a developer to immediately put rock down and get access by the end of the job.
8. Put multiple frameworks together
9. Subdividing plan for the property—money well spent. Might get a user that doesn't need a subdivision, but will potentially save many months. Establish property lines and CCNRs to address all the obvious things as well as lighting.
- ii. **Electricity/sewage system**
  1. Ensure capacities for easy use
- iii. **Traffic study**
  1. Do a study as though it was for all distribution and look at possible improvements. Plan for large-scale use. End of the day: better to play it safe in terms of planning
- iv. **County should commit to as much testing & planning as is economically feasible**
  1. Without environmental testing: users will see a three-year contingency period to complete studies/testing.
  2. Consider a use development agreement on top of a planned action to give a developer certainty that entitlement will be in place for a number of years
  3. Late comer agreements: first buyer may want to recover road or Stormwater cost from incoming buyers.
  4. Vesting traffic: have a regional Stormwater solution that is vested over the property so that if regulations get more stringent there is a plan in place and you are vested.
- v. **Public involvement**
  1. Spend time on strategy and do not approach public input lightly.
  2. Build a vision for them in terms of regulations for facility noise, odor, hours of operation—define it for them. As a public amenity: need funds to make it happen.
  3. Be transparent and firm
  4. Be cautious showing a blank picture to the public; have a vision in place to discuss planning and then work towards middle ground in terms of buffers and restrictions.
  5. Come into a meeting with a few different site plans—these houses nearby have been built after the landfill's existence (area got more attractive for development after its closing). Go in with some things that aren't predetermined but give them some ideas.
  6. Unique to this property: landfill, residences, industrial stuck in the middle. Neighbors care about what will happen with the landfill and care about neighbors in the backyard. Give them an idea of what it may transition into.
  7. Tell them tentative plan and how to pay for it.
  8. At the least: tell them it's an industrial park: it will have concrete, it will have trucks. Tell them that they'll meet again to get input on screening
  9. M. Davis, Clark County Solid Waste—
    - a. East and north sides, not much will happen now.
    - b. South end outreach: County has to begin from a transparent place and keep the public informed.
    - c. At some point commissioners will get involved and make decisions about what they want from the site.
    - d. County's direction currently is jobs.

- e. County is set on keeping zoning industrial.
- f. Not necessarily type of jobs or number of jobs per square foot: county has broad direction currently but looking for family-wage jobs.
- g. Noise from loading and unloading at late hours will be an issue to discuss. Operating hours need to be restricted, period. Limit certain uses

**c. TIMING**

**i. Testing/surveys**

- 1. Don't put it on the market until testing/surveys are done otherwise price will drop the longer it sits on the market (traffic study needs to be done)

**ii. Keep cycles in mind**

- 1. Studies could be done in three to four months
- 2. Property could be placed on the market within a year

**d. STRATEGY FOR DISPOSITION PROCESS**

**i. Hire a good industrial broker**

**ii. Going through a developer**

- 1. They will want to tie it up with options and risk as few dollars possible for as long as possible
- 2. May or may not make sense
- 3. Developer will not build a road either

**iii. Public/Private partnership**

- 1. Enter into partnership with an arrangement between the county and developer; let the developer sit on it but let them add value along the way by having them pay for studies/engineering plan. "build this road and you can have it for a year"
- 2. If disposition is the ultimate intent then it's difficult to reconcile "disposing" of it with a developer without hard evidence of job creation.

**iv. Long-term lease**

- 1. Greatly drops return: much harder to do deals on lease land
- 2. Leases are better for more strategically-located properties (near water, near airport, technology parks).
- 3. Disposal after the lease would be significantly discounted.

- v. Additional disposition strategies will need to be discussed in greater depth.